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for Working
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Ending?

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FISCAL NOTES

A Monthly Review of the Texas Economy from the Office of Susan Combs, Texas Comptroller of Public Accounts, November 2009

SEPTEMBER REVENUE (IN MILLIONS): SALES TAX: \$1,476.2 OIL PRODUCTION: \$83.3 NATURAL GAS: \$8.6 MOTOR FUELS: \$257.4 MOTOR VEHICLE SALES: \$237.8 TOBACCO: \$63.7



Tough Times for Oil and Gas

Around Texas

- Houston's Michael E. DeBakey VA Medical Center has received a \$5 million grant from the U.S. Department of Veterans Affairs to establish a new brain injury center. The center will offer state-of-the-art testing facilities for returning members of the armed services.
- In October, Lubbock-based United Supermarkets announced plans to build a 200,000-square-foot distribution center in Roanoke, a Denton County community.

One of the oldest rules of the energy industry is that it's subject to "cycles." Which may not be a lot of comfort when you're at the bottom of one. Like it or not, though, Texas energy producers — and the businesses that serve them — are profoundly affected by changes in the price of oil and gas.

A little more than a year ago, the energy industry had just seen the last of the most dramatic price increases in U.S. history. Texas production activity soared, nearly tripling the number of oil and gas rigs operating in the state between 2002 and 2008. It was the boom to end all booms — until it, well, ended.

Between December 2008 and August 2009, Texas lost at least 37,500 jobs in the energy industry, according to Karr Ingham, consulting economist to the Texas Alliance of Energy Producers. That means that nearly one in six Texans employed by the industry has lost his or her job this year.

And the communities that depend on energy? They're hurting, but coping — and waiting for the inevitable return of higher prices.

FEELING FOR THE BOTTOM

Ingham says this is the industry's third major downturn since the late 1990s. The first lasted about 20 months, from fall 1997 until summer 1999. A second, less severe downturn lasted about a year, from August 2001 to August 2002.

"Where we are now, though, is kind of uncharted territory, because prices increased so rapidly and to such a lofty and unprecedented level, both for crude oil and natural gas," Ingham says. Energy prices began sliding in July 2008, but the industry didn't start slowing down until October.

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Texans employed
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A Letter from the Comptroller

I was a young girl in 1957, the final year of the historic drought that gripped Texas for most of that decade. It was also the year I got my first pair of sunglasses. And yes, the two are related.

A drought is always debilitating. But that one was particularly bad.

At my family's ranch in Marathon, it was dry for so long that the grass just vanished — burned up, broke off and blew away. The bare caliche ground glared so brightly it was blinding. That's when I started wearing sunglasses.

I remember asking my father whether I should get shades tinted green or gray. The gray ones give you a more realistic view of the world.

Those who know me won't be surprised that I chose gray.

Looking at Texas realistically, almost a fifth of the state was in an "exceptional" drought in August — and the whole state (the whole world, for that matter) has been in a financial drought for the past year.

As I write this, it's raining. It's too soon to know whether either drought has broken.

In this issue of *Fiscal Notes*, we address the drought that has parched much of Texas. We also revisit the perennial ups and downs of the oil industry.

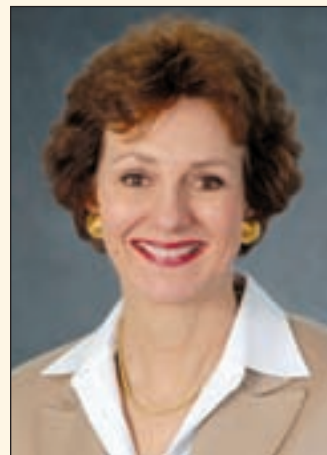
Meanwhile, we at the Comptroller's office are keeping an eye on the economy. Each month, the back pages of this publication are dedicated to key Texas economic indicators.

Governments worldwide are watching to see what American consumers do as authorities try to put their financial houses in order.

Economists are debating whether baby boomers will return to enthusiastic consumerism — or become penny-pinchers.

I suspect they'll take fewer big vacations. They may not buy as many second homes. They'll work longer to invest in themselves and their families.

But I know this: droughts end. And when they do, if you've taken care of the land, the grass returns.



Susan Combs

New Funding for Child Care

Stimulus funds to aid parents searching for work

It's hardly news that the *Leave it to Beaver* ideal of family life — one wage earner, one stay-at-home parent who looks after the kids — is ancient history for most Texans. The number of families with a single parent or two working parents means that child care has become an absolute necessity for many.

New federal stimulus funding will help ensure that more Texans can afford this vital assistance.

WORKING FAMILIES AND DAY CARE

Recent statistics highlight the need for child care. The U.S. Census Bureau estimates that in 2007, 51.3 percent of married Texas couples had both husband and wife in the labor force, slightly less than the national average of 53.1 percent. And the Annie E. Casey Foundation reports that 33 percent of Texas children lived in single-parent households in 2008, just above the U.S. average of 32 percent.

Millions of working Texas parents depend on the state's child care industry, and will spend an average of \$7,440 per family this year for full-time day care services, according to the Texas Department of Family and Protective Services (DFPS), which licenses and regulates such operations.

That kind of spending has created a significant Texas industry. Employment in child day care averaged nearly 66,000 in 2008. Fortunately, the weak economy has had little effect on the availability of child care in Texas, although some consolidation appears to be occurring.

"We don't see any empirical data that would suggest the availability of licensed child care has been affected by the current economy," says Darrell Azar, DFPS communications manager. "But we do see a trend toward having more of the larger day care center operations." DFPS reports that the total number of child care

operations fell from 26,026 in fiscal 2008 to 24,980 in fiscal 2009, but the total capacity of Texas' licensed child care providers remained stable at just above 1 million.

CARE COSTS

Day care can account for a substantial portion of family income, with some annual rates for infant and toddler day care surpassing the cost of a year of college tuition. Infant care, the most expensive and most labor-intensive, can cost up to 11 percent of the median annual income of married couples, and 32 percent of the median annual income for single parents, according to the National Association of Child Care Resource and Referral Agencies.

Valerie Bauhofer, association executive for the affiliated Texas Association of Child Care Resource and Referral Agencies, says the state's climbing unemployment rate is the industry's biggest concern.

"When a parent gets laid off, they usually have to take their children out of child care," Bauhofer says.

Recently announced federal stimulus funding, however, will help more Texas parents keep their children in care while they work or look for work.

The Texas Workforce Commission (TWC) provides a subsidized child care program administered through the state's local work force development boards. The program is available to working parents with children under the age of 13 who meet income and other eligibility requirements.

Phil Warner, TWC's program supervisor for Workforce Policy and Program Assistance, reports that the subsidized program will receive an estimated \$214 million in federal stimulus funds through 2011. Of this, about \$36 million will go to various administrative improvements while



PARENTS ON THE JOB

Millions of working Texans need child care services.

TEXAS PARENTS IN THE LABOR FORCE

| | 2007 | 2008 |
|--|-----------|-----------|
| Married parents who both work | 2,327,758 | 2,463,087 |
| Single working parents with children living in the household | 1,744,325 | 1,692,069 |

Source: U.S. Census Bureau, American Community Survey 2008

\$178 million will be divided among the local work force boards and provided to eligible families.

Importantly, the stimulus funding will be used to broaden eligibility for subsidized care. The current state program is available to working parents only, but the stimulus funding will be used to provide child care to unemployed parents who are searching for work or attending job training. **FN**

To search for child care services in your area, visit the Texas Department of Family and Protective Services at www.dfps.state.tx.us. Look under the Find Services menu or use the Web site's search feature.

Big Bucks for Big Bucks

Each year, more than 1.1 million hunters take aim at Texas game. Ninety percent are state residents, and while hunting is more popular among rural Texans, more than 600,000 hunters trade urban sprawl for the great outdoors.

Hunting is worth \$2.2 billion annually to the Texas economy, according to the 2006 U.S. Fish and Wildlife Service National Survey of Fishing, Hunting and Wildlife-Associated Recreation. On average, each hunter spends \$1,984 to hunt for 13 days each year.

And deer are the most popular quarry.

From big spenders who pay thousands for a guided trophy hunt to weekend hunters looking for a fat doe for the freezer, two-thirds of hunters in Texas stalk native white-tailed deer. And the Texas Parks and Wildlife Department (TPWD) estimates 63 percent of those hunters found their target last winter, culminating in a white-tailed harvest of almost 620,000 deer — 20 percent more than the 2007-08 deer season.

Hunting is worth
\$2.2 billion annually
to the Texas economy.

BETTER MANAGEMENT, BETTER DEER

The 2008-09 hunting season was the most successful for white-tailed deer hunters in this decade, and the busiest in terms of hunters taking to the field, according to TPWD. The quality of Texas deer is improving, too, thanks to wildlife management efforts that have intensified during the past 20 years. These have improved the animals' health and antler quality, particularly on high-fenced properties that maintain deer for commercial hunting.

"The most successful managers plan for drought years," says Mitch Lockwood, TPWD's white-tailed deer program leader.

"The number-one question for the better managers is 'how many deer can my land support under the worst conditions?'"

"The fawn crop this year is better than it would have been 20 years ago, when landowners weren't managing wildlife," he says.

Ranch breeding programs have changed the dynamics of trophy deer hunting by making large white-tailed bucks far more common.

Dr. Mickey Hellickson, chief wildlife biologist on the famed King Ranch, says the market for trophy buck hunts remains strong. But he cautions that the forces of supply and demand — and the faltering economy — are catching up with the hunting industry.

"Generally speaking, the demand for commercial packaged hunts has dropped off a little bit, and management buck hunts [which thin the herds of less desirable deer] to a lesser degree," Hellickson says. "We still have a waiting list for the more exclusive high-end deer hunts."

While the King Ranch has a large commercial hunting operation, many ranch owners allow hunting on their lands not so much to turn a profit as to offset their taxes and other operational costs.

For those who maintain herds for hunting, feed costs can be huge, Lockwood says. "Tens of thousands of dollars [in annual feeding costs] is the norm for ranches of a couple of thousand acres," he says. And hunting fees rarely recoup the cost of the high fences many ranchers build to contain deer herds.

"To net the most money, a landowner needs the least overhead — no feed, no high fence," Lockwood says. "But netting the most money and consistently raising the biggest deer may be conflicting goals. For some, it's a question of bragging rights — who has the biggest deer."

Millions of
deer attract
billions of
dollars.





MAINTAINING HABITAT

Interest in deer hunting remains strong. But for some Texans, finding a place to hunt means traveling a lot further than in previous decades. Subdividing ranches for housing developments is a common occurrence in bedroom communities such as Bandera County near San Antonio.

"[Hunting] is still a very important part of the Bandera County economy, but it has changed," says Johnny Boyle, owner of Bandera True Value, which sells hunting supplies and equipment. "It used to be [all about] that eight-week rush of the white-tailed season. Now there are not as many leases available as there once were, but there is more year-round hunting for hogs, axis deer and other exotics." (Non-native "exotic" deer such as axis deer are not subject to restricted hunting seasons.)

And hunters seeking their own land are heading further west than Bandera, Boyle says.

"Instead of buying 400 acres in the Hill Country, they go to Rocksprings [in Edwards County] and buy 1,500 acres," he says.

Even so, hunting remains highly important to rural Texas, says David K. Langford, a member of TPWD's White Tailed Deer Advisory Committee and vice president emeritus of the Texas Wildlife Association, which lobbies on behalf of ranch owners and outdoors enthusiasts.

"Without income from hunting, most of rural Texas would have a lot more asphalt than it already does," he says. "In those areas in the Texas Hill Country and South Texas without minerals, income from hunting and general recreational income is a major factor in holding ranches together against development.

"Landowners who want to keep their ranches intact are looking to diversify their income," he says. "If you don't have oil and gas, nature-related income is the next best thing."

Langford and his wife Myrna live on more than 300 acres that was once part of a Kendall County ranch settled by his great-grandfather Alfred Giles. The Langfords and a neighboring ranch market their lands together as the Block Creek Natural Area, welcoming visitors for wildlife and nature photography excursions.

"If we are going to remain relevant, whether people want to go mountain biking or hunting, we need to welcome them," he says.

ADAPTING TO SURVIVE

Hunting isn't immune to tough economic times. Businesses that rely on hunting have to adapt, says taxidermist and animal processor Gary Broach, owner of Rhodes Bros. Taxidermy in Kerrville.

"Guys like us in Kerrville are fortunate to have year-round hunting with the axis herds and sika and fallow deer," Broach says. "A lot of small taxidermists out there, rural guys, are really hurting," he says. "I've talked to them about where they need to put advertising dollars and where to get in with ranches. I like the fact they aren't giving up. They just need to regroup."

This winter, "I expect processing to be up and taxidermy down," Broach says. "Processing is going to put meat in the freezer.

"There is an oversupply of deer in 2009," he says. "The bountiful harvest has hit at the same time as the bad economy. The positive is guys who can't afford a \$7,000 or \$8,000 deer, but have \$3,000 or \$4,000 might be able to find some bargains on trophy hunts."

Broach says ranchers who are managing herds still need to keep herd numbers in check. He also is confident that even if spending slows this year, the hunting economy will rebound.

"I watched everybody's booked hunts disappear after 9/11," he says. "We rebounded from that. I think we are going to rebound fine." **FN**



WHO HUNTS IN TEXAS?

IN 2006 —

- 62 percent of adults hunting in Texas lived in urban areas.
- 8 percent of adult hunters were female.
- 11 percent of adult hunters were 65 or older; 45 percent were aged 25 to 44.
- Deer were their most popular quarry; 890,000 hunters accounted for 10.65 million days of hunting deer.
- 123,000 of Texas' 1.1 million hunters came from out of state.

Source: U.S. Fish and Wildlife Service

SPENDING FOR HUNTING

In 2006, hunters in Texas accounted for almost 10 percent of all hunting-related expenditures in the U.S.

| | TEXAS (\$ Millions) | U.S. (\$ Millions) |
|--------------------------------------|------------------------|-----------------------|
| Travel, Food, Lodging, Fees, etc. | \$873.9 | \$6,678.6 |
| Hunting Equipment | 445.5 | 5,366.4 |
| Other Equipment | 340.0 | 5,635.1 |
| Other | 563.1 | 5,483.0 |
| TOTAL* | \$2,222.5 | \$22,893.1 |

*Totals reflect rounding

Source: U.S. Fish and Wildlife Service and Texas Parks and Wildlife Department

Read more about the economic contributions of hunting and fishing in Texas and the U.S. in the *2006 National Survey of Fishing, Hunting and Wildlife-Associated Recreation*, available online at www.tpwd.state.tx.

After two dry years, 2007 proved to be one of the wettest on record, bringing welcome relief throughout the state.

July 2007
[Pedernales River - flood stage]



Bring the Rain... Please

Is Texas' worst drought in 50 years ending?

Summer 2009 was hot and dry even for a state where "hot," "dry" and "summer" generally work as a single phrase. It was more than ordinarily miserable, though, since it continued the worst drought Texas has seen in half a century.

But with the arrival of fall, there are some signs that the drought is breaking — and not a moment too soon.

"I don't think anyone sees an actual clear end to it, but it's looking better," says Bob Rose, chief meteorologist for the Lower Colorado River Authority (LCRA). "Climate experts are saying we're looking at a wetter pattern for the fall and winter."

A WET WELCOME?

The potential savior of Texas' crops and lawns is El Niño, a periodic weather pattern that warms the tropical waters of the Pacific. El Niño tends to bring above-average rainfall to Texas in the fall and winter months, Rose says, and its return is influencing the state's weather.

More rainfall could help this drought end, but with slow and steady rains rather than gully-washers.

"I think we're likely to come out of [the drought] slowly, rather than it ending suddenly," says John Nielsen-Gammon, a Texas A&M University professor and Texas' state climatologist.

Farmers and ranchers have suffered mightily the past two years. Agricultural losses could top \$4.1 billion by year's end, with livestock losses alone exceeding \$860 million, including feed costs. The

hardest-hit areas, South and Central Texas, have experienced dry times not seen since the legendary drought of the 1950s. Central Texas, Rose says, had a rainfall deficit of more than 31 inches from September 2007 to September 2009.

Yet it could have been worse.

Early in 2007, most of the area that has felt the brunt of the current drought received more than enough rain. Had it not been for that soaking, this drought might have snapped the 1950s record.

"This one has been extreme on a one-to two-year time frame," Nielsen-Gammon says. "If not for those rains in 2007, we'd have easily seen five years of drought."

PLANS FOR THE PARCHED

Texas' drought preparations appear to be increasingly effective. Better planning and tighter regulation have certainly helped communities cope, and the experience of this drought will help further refine their responses in the future.

"We understand more about the effects of drought now, and cities and counties are more responsive," says the LCRA's Rose. "That helps, in that we don't see communities go completely dry."

The Guadalupe River flowed at about 5 to 10 percent of its normal levels in summer 2009.

As of Sept. 1, 316 of almost 4,700 Texas community water systems had water-use restrictions in place.

The drought hit hard in Kerrville, where the Guadalupe River flows through downtown. Due to the drought, it flowed at about 5 to 10 percent of its normal levels in summer 2009, prompting the

city to implement tight water restrictions.

"Normally, we treat up to 6 million gallons a day from the river," says Charlie Hastings, Kerrville's director of public works. "But over the last 13 months, we have been curtailed down to 1 million gallons a day."

"We're making up the difference with native ground water from wells and surface water that has been stored in the aquifer," he says. "We've been storing treated surface water in our aquifer for a decade so that we could recover it during a drought. We have stored 770 million gallons and retrieved about 300 million gallons this year."

WATER RESTRICTIONS

In August 2009, Kerrville enacted its "stage-three" water restrictions, which prohibit the use of automatic irrigation or sprinkler systems. Under stage three, watering can be done only by hand with a hose equipped with an attached shut-off device.

Hastings says that city officials understand the frustration of homeowners watching their lawns wither.

"The summer was hard on everyone," he says. "The heat was so intense and the air and ground so dry that people were easily agitated and yards were difficult to maintain. Nobody wants to lose the investment of a well-maintained yard, and months with little or no rain create anxiety for everyone."

But he credits the people of Kerrville for enduring and paying a "moderate" price of inconvenience to ensure a sustainable water supply. And unintended benefits came about as well.

"As people had to get out and water by hand, as was the norm years ago, they learned to be neighbors again," Hastings says.

September 2008

[Pedernales River - near-normal levels]

In 2008, drought conditions returned, particularly in South-Central Texas.



Following a bone-dry winter, the drought worsened in 2009, spreading to most of the state's southern half.

January 2009

[Pedernales River - drought levels]



The city of Abilene received more rain than much of the state, but does its part to ensure that water is there when the tap is turned.

"We do year-round water management," says Wayne Lisenbee, assistant director of the city's water utilities

There are some signs that the drought is breaking — and not a moment too soon.

department. "There is never a time when residents are free to water when and how they want to."

By curtailing use in what Lisenbee calls the city's water management stage, there was no need to move to the city's stage one, which restricts use even more.

The city has not had to enforce stage-one restrictions since early 2005.

THE PRICE TO PLAY

Despite the drought, enough rain made its way to Lake Belton, near Temple, to give water enthusiasts plenty of water to enjoy. The scene was a far cry from Lake Travis, just 70 miles away and less than 40 percent full. Lake-going crowds shifted their focus to where the water was, coming from the Austin and Houston areas to Bell County.

"We saw almost 50 percent of our traffic come from the Austin and Georgetown area, with a lot from Houston, too," says Rob Reese, president of Aquaduc Boat Rentals on Lake Belton. Reese moved his business from New Mexico to Texas in 2006. With the drought and the sagging economy,

Reese was unsure which direction business would take during the summer. Still, he added to his rental fleet — and the move paid off.

"We saw a near 20 percent increase in rentals and probably could have supported as many as five more rentals each weekend," Reese says.

Reese also has seen a shift in boat ownership that he attributes in part to the economy.

"We've found that folks are selling their boats, but they still want to get out on the water, so they rent," he says. "They get rid of the \$300 to \$400 a month they spend owning their own boat and rent instead. It's worked out for us." **FN**

The Texas Water Development Board keeps updated drought tips and information on its Web site at www.twddb.state.tx.us.

NURSING ALONG

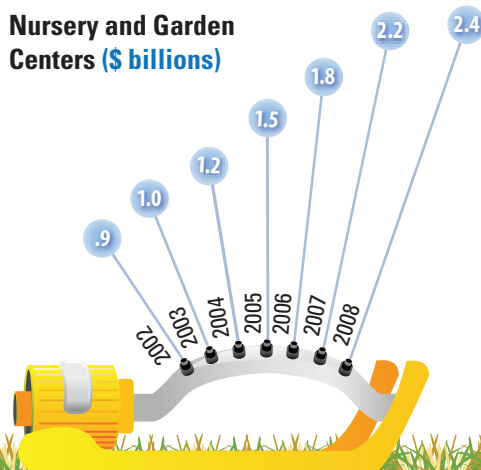
Sales at nursery and garden centers rose steadily through the recent drought period before dipping by about 5 percent in 2009's first quarter. Texas State Climatologist John Nielsen-Gammon says he doubts there has been a major shift in Texans' gardening choices, such as choosing more water-friendly native plants.

"Even with a xeriscaped yard, you have to get plants established and for that, you need more favorable conditions," he says. "It's not the type of thing you do in the middle of a summer."

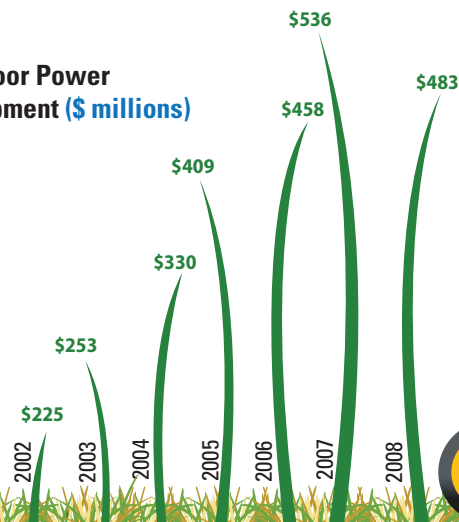
Outdoor power equipment sales have suffered, however, dropping by 10 percent in 2008 and by 15 percent more in 2009's first quarter.

Gross Sales

Nursery and Garden Centers (\$ billions)



Outdoor Power Equipment (\$ millions)



Tough Times for Oil and Gas

CONTINUED FROM PAGE 1

"We've been watching the dominoes fall ever since," says Ingham. "And at least compared to past experience, we're still fairly early on into this thing. I don't think we're at the bottom yet."

In the past few months, oil prices have begun rising again, but it's had less effect on Texas' energy employment than you might expect.

"Crude oil prices got down to the \$30 to \$40 range, and it's essentially doubled since then, but it hasn't done a whole lot for us," Ingham says. And that's because, "in terms of exploration and production activity, which is the real job creator in Texas — drilling rigs, service crews and so forth — we're much more driven by natural gas than crude oil."

And natural gas prices are still in the doldrums. August wholesale prices for natural gas averaged \$3.31 per thousand cubic feet (mcf), versus \$12.78 per mcf as recently as June 2008.



Karr Ingham
Consulting Economist,
Texas Alliance
of Energy Producers

IN THE "ENERGY EPICENTER" ...

Perhaps no part of Texas is as thoroughly identified with oil and gas production as West Texas' Permian Basin. "We're the energy epicenter out here," says Gary Vest, director of Economic Development for the Odessa Chamber of Commerce, who estimates that four-fifths of the city's economy depends on the industry. And the collapse in energy prices has definitely left a mark.

"We were hurting for employees [during the boom]," Vest says. "Now we've got 9 percent unemployment." But some production companies are back in the field.

"The drillers who weren't heavily mortgaged, those guys are pretty much back to work," says Vest. "The ones that depend on loan capital are not, because the capital's just not there for drilling."

Production is only one facet of the Odessa area's economy. Many metal fabrication companies build drilling rigs and other equipment used in oil



Gary Vest
Director of Economic
Development,
Odessa Chamber of
Commerce

and gas production. "Those will be the last industries to come back, and that has really hurt us," Vest says.

...AND THE BARNETT SHALE

The north-central Texas counties that overlay the Barnett Shale, one of North America's richest natural gas deposits, were among those most affected by the energy boom.

The price spikes transformed the area's economy, attracting millions of dollars in new investment and creating thousands of jobs. But plunging natural gas prices have sharply curtailed this activity, not least because production in the Barnett Shale is difficult and costly.

"Those are deep wells or horizontal wells, and they're terribly expensive projects,"

says Ingham. Three-dollar natural gas simply isn't going to make production worthwhile.

Much of the Barnett Shale boom played out in the Fort Worth metropolitan area, but smaller communities benefited as well — and are feeling the bust more strongly.

"We had about 225 energy service companies set up operations in Johnson County," says Jerry Cash, director of economic development for the city of Cleburne. And area manufacturers benefited as well.

"We have some metal fabrication shops that make things like new gates, fencing and cattle guards for drilling sites," he says. "Our sales tax revenue for 2008 was up 100 percent over where it had been about six years ago. By March 2008, we were down to 3.3 percent unemployment."

"Now, with the decline in energy prices and the cutbacks at energy companies, unemployment is back up to 9.4 percent," he says. "So we've seen some pretty wide swings." As of September, Cleburne's local sales tax collections were down nearly 13 percent versus the same period in the preceding year.

RIDING THE CYCLE

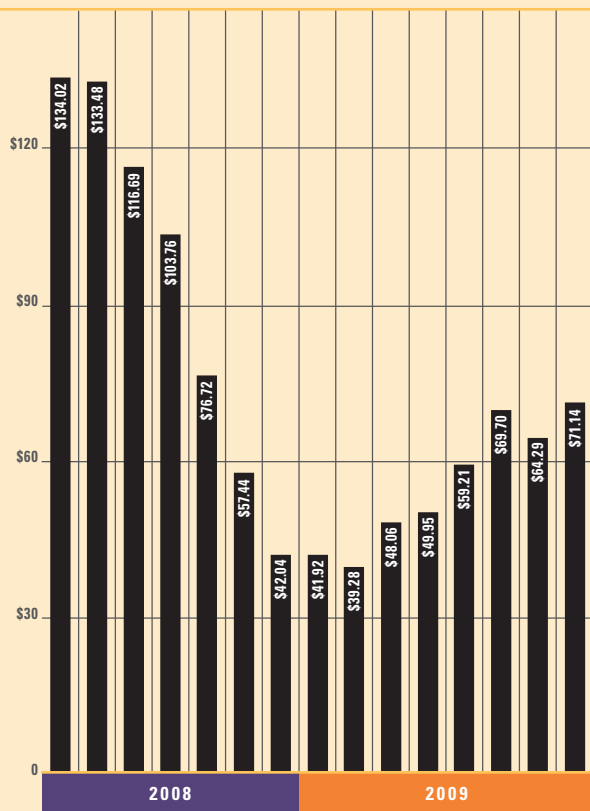
Short-term miseries aggravated by the broader national recession can obscure a simple fact: virtually no one expects energy prices to remain low. But we may have to wait for a recovery to see the cycle swing upward once more.

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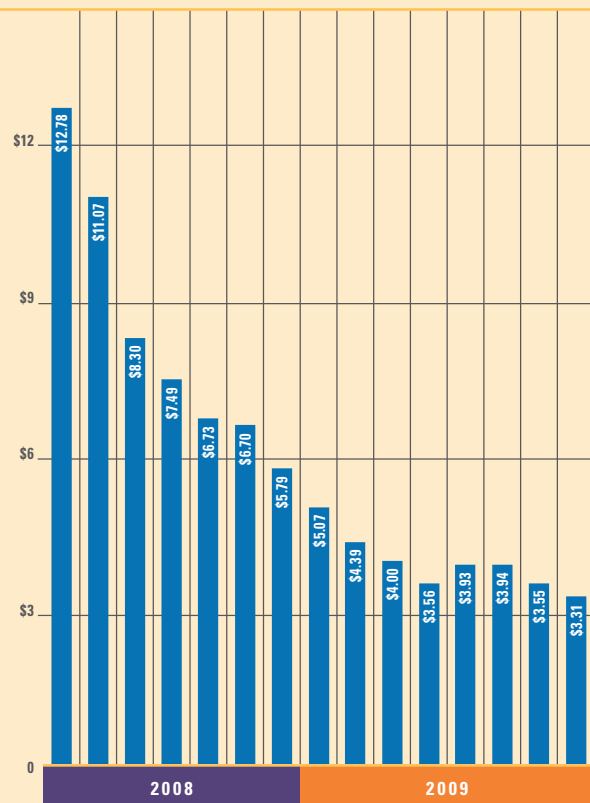
THE DOWNHILL SLIDE

From June 2008 to August 2009, the average price of oil fell by nearly 47 percent. The price of natural gas declined by 74 percent over the same period.

AVERAGE OIL PRICE (PER BARREL), June 2008-August 2009



AVERAGE NATURAL GAS PRICE (PER mcf), June 2008-August 2009

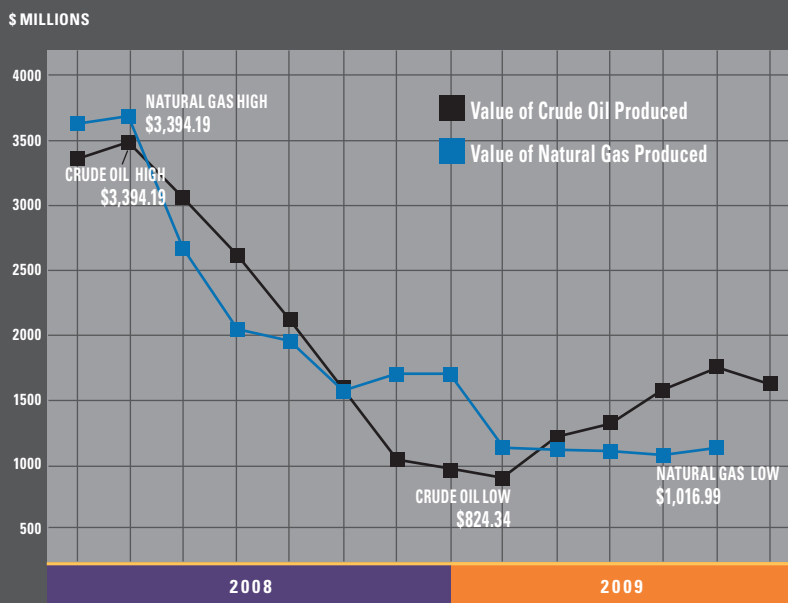


* mcf = 1,000 cubic feet.

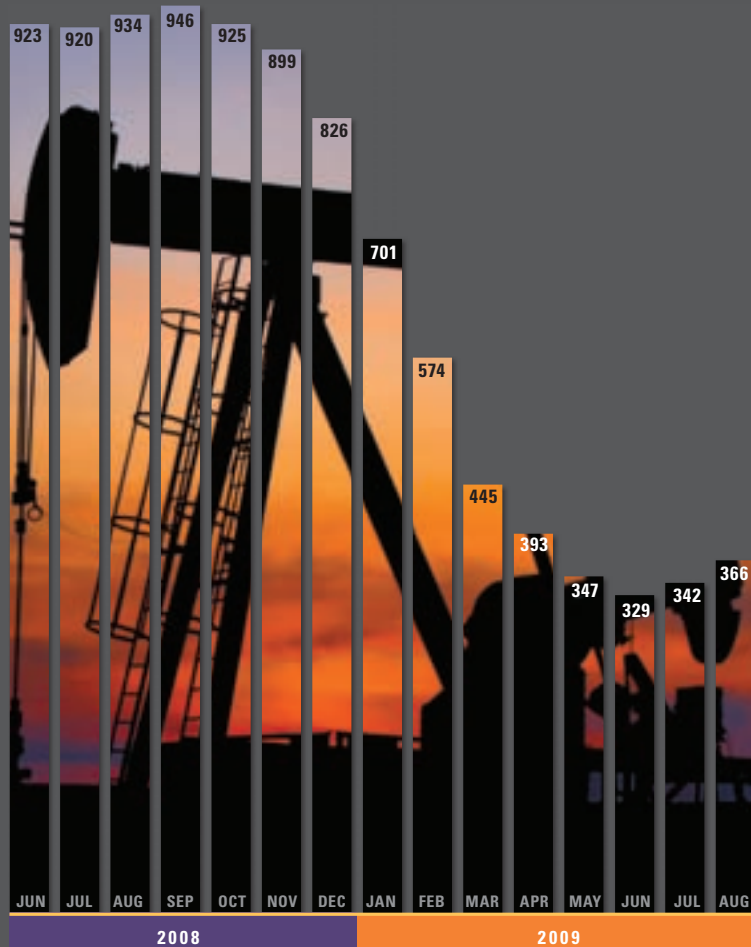
What a Difference a Year Makes

Recent Texas statistics reflect the dramatic plunge in energy prices — and the resultant decline in the state's production.

VALUE OF OIL AND GAS PRODUCTION, June 2008-July 2009



RIG COUNT, June 2008-August 2009



Property of (Your Name Here)

Unclaimed Property reunites Texans with lost treasures.

Forget the metal detector and that old pirate's map, because looking for buried treasure has never been easier. And sometimes, buried treasure comes looking for you.

The Comptroller's Unclaimed Property Division is in the business of reuniting Texans with their lost property, from military medals and jewelry to irreplaceable photographs and — of course — cold, hard cash.

In fiscal 2009, the agency returned more than \$147 million to Texans — much of it to people who didn't even know they had it.

LOOK WHAT WE FOUND!

Under Texas state law, a wide variety of property — from insurance refunds to the contents of safety deposit boxes — is deemed abandoned after one to five years of inactivity, depending on its category. The holders of this property must turn it over to the state.

Last year, the Comptroller's office reached more than 80,000 potential owners of lost property.

At present, the Comptroller is maintaining about \$2 billion in such property in trust for its owners. In fiscal 2009, the office returned an amount worth about 45 percent of the property it received in that year.

But there's no statute of limitations on claims. Even if the agency has held the property for decades, it must be returned if a valid claim is filed and approved.

Last year, the Comptroller's office reached more than 80,000 potential owners of lost property through the Web, published lists, phone calls and booths at events from the State Fair to the Great Texas Mosquito Festival in Clute. These outreach efforts generated claims for more than \$170 million.

In past years, the Comptroller's office published a statewide list of potential claims of more than \$250 each October. To reach even more Texans, the agency is beginning to publish six regional lists four times annually.

Most of the treasure in the Comptroller's care — about 90 percent — represents money from bank accounts, payroll checks, dividends and refunds. The size of returned claims has ranged from \$4.25 million in stock and dividends to many valued at a penny.

Owners of abandoned safe deposit boxes are included in the regional notification lists. If the contents are not claimed within a year, they are auctioned on eBay, where they've sold at an average of 245 percent of appraised value.

If the rightful owners file a claim after the property is auctioned, they receive the money generated from the auction.

MEMORIES ARE PRICELESS

The results of the Unclaimed Property effort are not always limited to dollars and cents.



At Clute's Mosquito Festival, Shurline Wright of Freeport found she had \$424.12 in unclaimed property.

In 2001, for instance, Comptroller employee Lynn Alexander was examining the contents of a safety deposit box that included a class ring and some photos. Upon researching the owner, Alexander discovered that the box had belonged to an Irving police officer, Aubrey Hawkins, who was killed in the line of duty in the previous year.

Hawkins had just finished Christmas Eve dinner with his wife and son when he got a call about a suspicious subject in a parking lot. Hawkins responded. By the time backup arrived, the policeman had been shot dead. His killers turned out to be the notorious Texas Seven, a band of prisoners who had escaped days earlier from the Connally Unit near Kenedy.

The photos were of Hawkins' mother and the class ring was his, from Pearce High School in Richardson. The items were returned to his first wife, Dixie Hawkins Buchanan, and their son Andrew.

"I was very happy and relieved for Andrew," says Buchanan of her son, who turns 18 in December. "Pictures are really important because they can't be replaced. That's always been a big thing for me."

Similarly, after U.S. Representative Frank Tejeda died from complications of brain cancer in 1997, his family began searching for missing keepsakes. The

GIVING BACK

The Comptroller's office has returned about \$270 million in unclaimed property to Texans over the past two years.

| | Fiscal 2008 | Fiscal 2009 | % increase |
|------------------------------|-------------|-------------|------------|
| Property received (millions) | \$296.6 | \$324.0 | 9% |
| Claims processed | 129,377 | 152,703 | 19% |
| Claims paid (millions) | \$123.1 | \$147.1 | 19% |

Source: Texas Comptroller of Public Accounts

Tough Times for Oil and Gas

CONTINUED FROM PAGE 9



Virtually no one expects energy prices to remain low.

Natural gas prices in particular are sensitive to the recession.

“We think of gas in terms either of household uses or as an electric generation fuel, but its primary use really is in heavy industry,” says Ingham — especially in the petrochemical complex along the Gulf Coast. “And during a recession, that activity suffers, and so does demand. We’re going to have to work through it before prices rise again. In the meantime, we’ve got a glut of natural gas, there’s no doubt about it.”

Ingham cites speculation that the recovery is already beginning. Due to the difficulties involved in gauging the movements of the national economy, however, “we won’t know that until next year, even if it is the case,” he says. “But if so, we should wait at least six months after that before we expect to see signs of a turnaround in energy demand, and in Texas exploration and production.

“It looks to me like, at minimum, it’s going to be the second quarter of 2010 [before oil and gas activity picks up again],” Ingham says. “But we *will* cycle through it. The long-term outlook for energy products is extraordinarily bullish.” **FN**

For more information on the Texas oil and gas industry, visit the Texas Alliance of Energy Producers Web site at www.texasalliance.org.

ON THE WEB

To read other installments in *Fiscal Notes’* “Weathering the Storm” series, visit FiscalNotes.com.

WHAT ABOUT “CAP AND TRADE”?

Cap and trade legislation, which would raise the price of conventional energy to encourage greater use of alternative sources, is still very much alive in Congress. Petroleum economist Karr Ingham is short and to the point on the topic.

“From the economic standpoint, it’s a terrible idea,” he says. “We’re not talking about an ‘unintended consequence’ — the stated goal of cap and trade is to raise energy prices to end users, to stimulate a movement to alternative forms of energy. I don’t put much stock in a program that artificially raises prices to consumers to get them to change their behavior.

“We have a marketplace that does that just fine,” says Ingham. “We’ve already seen it at work. Crude oil prices rising to \$150 a barrel and natural gas rising to \$10 to \$15 per mcf, in a very short time, produced dramatic modifications in consumer behavior, in terms of the vehicles they were buying, and efforts to produce new forms of energy — just look at what’s happened over the last five years. It’s very remarkable, and it’s entirely due to the marketplace. I don’t think we need government to do this for us.”

For more information on how cap and trade could affect Texas, visit www.window.state.tx.us/finances/captrade.

Unclaimed Property Division tracked down a safety deposit box filled with medals from Tejeda’s service in Vietnam, as well as honorary sheriff’s badges he had accumulated during his years in politics.

And one elderly couple, whose daughter asked that their name not be used, was in failing health when the division helped expedite their claim for nearly \$34,000 earlier this year. The money is being used to provide them with higher-quality assisted living.

“THE GRASSROOTS GIRLS”

While the Web and published notices are effective, Unclaimed Property still devoted plenty of time to face-to-face contacts. In the past six months, Comptroller employees Korry Ingleman and Amy Redmond have worked booths at events across the state to convince passersby to search for property, generating more than \$300,000 in claims.

In September, a man visited their booth to pick up a giveaway cardboard fan for his kid. They talked him into checking his name and he discovered he had \$32 in lost funds — and that his recently deceased grandfather, who shared his name and had been living in a nursing home on a shoestring budget, had \$25,000 in unclaimed property.

Some of their favorite moments come at job fairs, when “the Grassroots Girls,” as they’ve been nicknamed, reunite unemployed workers with a lost insurance refund or unclaimed paycheck.

“Even \$20 or \$100 really makes a difference these days,” Ingleman says. **FN**

For more information on finding unclaimed property, visit www.ClaimItTexas.org. To check for appearances by Unclaimed Property staff at community events, follow Comptroller news on Twitter at www.twitter.com/txcomptroller.

Brief Bytes

TEXAS LEADS NATION IN HOUSING AFFORDABILITY

Texas leads the nation in housing affordability, according to second-quarter 2009 numbers compiled by the Real Estate Center at Texas A&M University.

The Housing Affordability Index reflects the ability of a median-income family to purchase homes in their area. It represents the ratio of median family income to the income needed to qualify for an 80 percent, fixed-rate mortgage on a median-priced home. The higher the ratio, the more affordable housing is.

Texas had a ratio of 1.85 in second-quarter 2009, compared with the nation's 1.57. Austin had a ratio of 1.84; Dallas, 2.04; Houston, 1.94; and San Antonio had a ratio of 1.83 for the second quarter.

A total of 19,884 existing single-family homes were sold in Texas in August 2009, representing a 12 percent decrease from August 2008, according to data compiled by the Real Estate Center.

The median price dropped by 1 percent to \$150,400 during the same period, and the state finished the month with a 7.5-month inventory of existing homes.

To view the entire index, please visit the Real Estate Center's Web site at <http://recenter.tamu.edu/data/dataaffd.html>.

(Karen Hudgins)



GREEN PARTNERS IN TEXAS

Texas companies and governments ranked high on the Environment Protection Agency's (EPA's) October ranking of top "Green Power Partners" — organizations that purchase the most power from renewable sources.

Fourth, fifth and sixth on the list, respectively, are Austin-based Whole Foods Market, Round Rock's Dell Inc. and the city of Houston, which acquire power from wind, solar and biogas sources. The city of Dallas ranked 12th, while Wal-Mart Stores' Texas and California facilities shared the 15th slot.

Participants in the EPA Green Power Partnership are credited for



renewable power purchased from a utility or generated on site, or for the purchase of renewable energy certificates, a tradable commodity that encourages the production of green energy.

For more information, see the EPA's Green Power Partnership pages at www.epa.gov/greenpower.

(Bruce Wright)

TEXAS HOSPITALS AMONG AMERICA'S BEST

A recent *U.S. News and World Report* ranking of the nation's best hospitals features several prominent Texas medical institutions.

Most notably, Methodist Hospital Houston appeared at number 20 on the publication's Honor Roll, which featured 21 hospitals with high scores in six or more specialties.

The University of Texas M.D. Anderson Cancer Center was ranked the nation's best hospital for specialty.

To see the entire Honor Roll, or to see a list of best hospitals specialty, visit <http://health.news.com>.

(Michael Castellon)





Texas Banks Faring Better than Nation's

Texas banks continue to fare better than others across the nation, according to a report from Sheshunoff & Co. Investment Banking, an Austin-based financial consulting firm.

The average profitability of Texas banks declined in the second quarter of 2009, to a return on average assets of 0.69 percent, but this was well above the national average of 0.49 percent. Virtually all banks reported lower profitability in the second quarter, due to a special assessment levied by the Federal Deposit Insurance Corporation. The Dallas-Fort Worth and Houston metropolitan statistical areas were the only Texas cities with bank profitability rankings below the national median.

"We're feeling the effects of the national recession, but we are faring much better than many parts of the country," says John Blaylock, associate director of Sheshunoff & Co.



John Blaylock
Associate Director,
Sheshunoff & Co.

After surviving the financial crisis of the 1980s, Texas banks have gained strength from the state's diverse economy, Blaylock says, including significant business in energy, health care and agriculture.

"The economy of the state has grown immensely, and the state has benefited from that," Blaylock says. "We still have the influx of population. We have a fairly diverse economy. Energy is still a very significant part of the economy and it's doing OK. We have the best medical facilities in the world."

How will Texas banks fare in the future? The strength and speed of the national recovery and continued stabilization in the credit markets

will determine how well Texas banks will perform, according to Blaylock.

To read the entire report, visit www.smslp.com.

TEXAS COUNTIES TOPS IN JOB GROWTH

Six Texas counties appeared on CNNMoney.com's list of the nation's Top 25 counties for job growth between 2000 and 2008.

Rockwall County ranked second nationally, with an 84.9 percent increase in job growth over the eight-year period. The Web site credits population spillover from Dallas and a strong business environment for the county's boom in opportunities.

Also appearing on the list was Fort Bend County, at number six. Williamson, Collin, Hidalgo and Webb counties also appeared in the survey.

For more information on the list, or to see how Texas stacks up in other CNNMoney.com surveys, visit <http://money.cnn.com>.

(Michael Castellon)



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CORRECTION

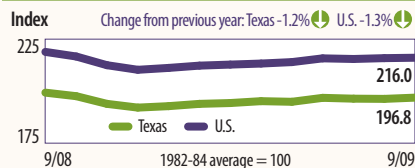
The September 2009 *Fiscal Notes* article "Home By Any Other Name" has been revised. See the corrected version on the Web at www.window.state.tx.us/comptroll/fnotes/fn0909/rentOwn.html.

Texas by the Numbers

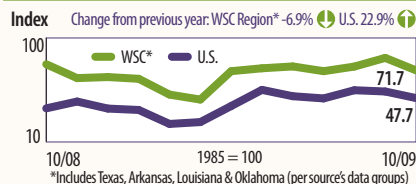
Key Texas Economic Indicators

Between September 2008 and September 2009, the U.S. economy shed about 5.8 million jobs, a 4.2 percent decline. Texas lost 303,700 jobs between September 2008 and September 2009, a 2.9 percent decrease in nonfarm employment. In September 2009, 10.3 million Texans were employed, 44,700 less than in August. Over the last year, Texas added jobs in the educational and health services and government industries.

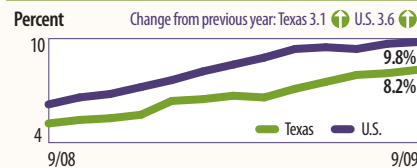
Consumer Price Index



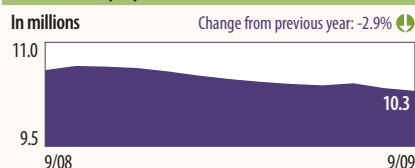
Consumer Confidence Index



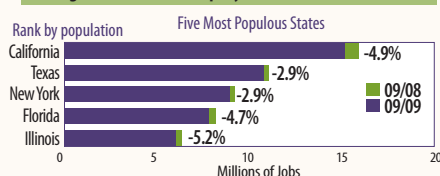
Unemployment Rate



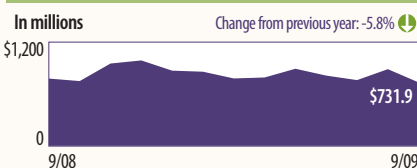
Nonfarm Employment



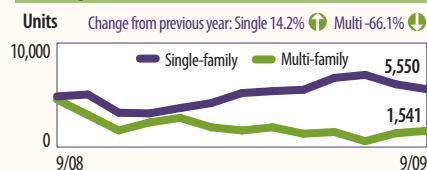
Change in Nonfarm Employment



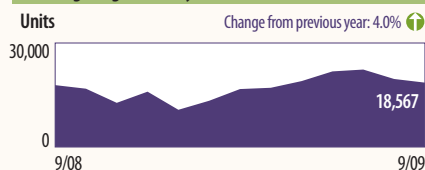
State Sales Tax Collections, Retail Establishments



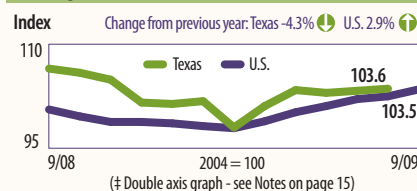
Housing Permits



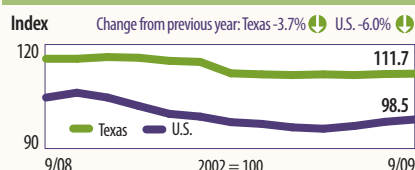
Existing Single-Family Home Sales



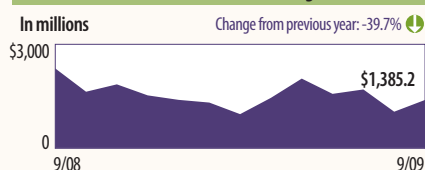
Leading Economic Indicators Index



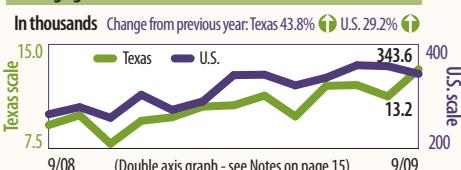
Industrial Production Index



Contract Value, Non-Residential Building Construction



Mortgage Foreclosures



Texas Production and Consumption Indicators

| Date | Crude Oil Production | Natural Gas Production | Active Oil & Gas Drilling Rigs | Motor Fuels Taxed | | Median Sale Price, Existing Single-family Home | Auto Sales | Cigarettes Taxed |
|---------|----------------------|------------------------|--------------------------------|--------------------------------|------------------------------|--|----------------------|---------------------------|
| | Value (Millions) | Value (Millions) | Units | Gasoline (Millions of Gallons) | Diesel (Millions of Gallons) | Dollars | Net Value (Millions) | Packages of 20 (Millions) |
| 2006 | \$19,657.5 | \$19,852.1 | 746 | 11,372.8 | 3,731.6 | \$143,100 | \$45,756.2 | 1,280.2 |
| 2007 | 21,850.3 | 22,968.4 | 834 | 11,624.8 | 3,886.9 | 147,500 | 48,500.6 | 1,085.8 |
| Jul-08 | 3,518.2 | 3,706.5 | 920 | 954.0 | 321.3 | 152,900 | 4,148.3 | 93.3 |
| Aug-08 | 3,069.6 | 2,655.2 | 934 | 982.3 | 342.5 | 151,500 | 3,829.4 | 80.9 |
| Sept-08 | 2,605.9 | 1,994.4 | 946 | 1,054.7 | 248.6 | 144,900 | 3,727.2 | 88.9 |
| Oct-08 | 2,066.6 | 1,897.4 | 925 | 852.3 | 377.9 | 142,300 | 3,317.6 | 98.6 |
| Nov-08 | 1,489.6 | 1,502.4 | 899 | 1,018.0 | 343.5 | 137,200 | 2,862.9 | 85.3 |
| Dec-08 | 1,016.9 | 1,629.5 | 826 | 963.2 | 283.5 | 140,500 | 2,941.7 | 99.3 |
| Jan-09 | 994.0 | 1,648.2 | 701 | 1,023.2 | 294.7 | 131,800 | 3,022.6 | 73.0 |
| Feb-09 | 824.4 | 1,044.4 | 574 | 965.3 | 291.5 | 138,200 | 2,923.8 | 77.0 |
| Mar-09 | 1,156.2 | 1,031.8 | 445 | 916.6 | 281.8 | 139,600 | 2,892.3 | 86.4 |
| Apr-09 | 1,271.5 | 1,002.4 | 393 | 1,019.0 | 305.7 | 142,700 | 2,501.8 | 77.5 |
| May-09 | 1,494.9 | 1,003.8 | 347 | 989.9 | 289.8 | 149,200 | 2,591.1 | 77.8 |
| Jun-09 | 1,733.1 | 1,070.1 | 329 | 1,026.3 | 291.9 | 154,900 | 3,111.4 | 82.7 |
| Jul-09 | 1,636.8 | 1,059.2 | 342 | 1,013.6 | 293.2 | 153,200 | 3,071.0 | 85.6 |
| Aug-09 | 1,606.4 | | 366 | 1,025.9 | 297.6 | 149,800 | 3,111.0 | 126.7 |
| Sept-09 | | | 380 | 1,021.0 | 292.0 | 148,000 | | 36.9 |

September Cash Condition¹

| (Amounts in millions) | General Revenue | Other Funds | Total Cash |
|--|------------------|-------------------|-------------------|
| Beginning Balance September 1, 2009 | \$3,899.9 | \$21,899.5 | \$25,799.4 |
| Revenue/Expenditures | | | |
| Revenue | 4,252.7 | 1,921.2 | 6,173.9 |
| Expenditures | 8,650.0 | 2,696.4 | 11,346.4 |
| Net Income (outgo) | \$-4,397.3 | \$-775.2 | \$-5,172.5 |
| Net Interfund Transfers and Investment Transactions | \$8,337.1 | \$-2,458.0 | \$5,879.1 |
| Total Transactions | 3,939.8 | -3,233.2 | 706.6 |
| End Cash Balance September 30, 2009² | \$7,839.7 | \$18,666.3 | \$26,506.0 |

¹ Cash stated is from the Comptroller's Uniform Statewide Accounting System (USAS) and will vary from the amounts reflected in the cash accounts of the Treasury Operations Division of the Comptroller's office due to timing differences. Net amounts shown (less refunds) exclude funds that are authorized to be held outside the State Treasury and are not processed through USAS. Suspense and Trust Funds are included, as are unemployment compensation trust funds collected by the state but held in the Federal Treasury. Totals may not add due to rounding.

² The ending General Revenue Fund balance includes \$5.6 billion derived from the sale of cash management notes.

State Revenue/All Funds¹

| (Amounts in millions) | Monthly Revenue September 2009 | Fiscal Year-to-Date September 2009 Revenue | % Change YTD/YTD |
|-------------------------------------|-----------------------------------|--|---------------------|
| Tax Collections by Major Tax | | | |
| Sales Tax | \$1,476.2 | \$1,476.2 | -12.5% |
| Oil Production Tax | 83.3 | 83.3 | -41.9 |
| Natural Gas Production Tax | 8.6 | 8.6 | -97.4 |
| Motor Fuel Taxes | 257.4 | 257.4 | 0.7 |
| Motor Vehicle Sales Tax | 237.8 | 237.8 | -8.8 |
| Franchise Tax | 48.2 | 48.2 | 76.2 |
| Cigarette & Tobacco Taxes | 63.7 | 63.7 | -52.0 |
| Alcoholic Beverages Tax | 63.0 | 63.0 | 2.3 |
| Insurance Companies Tax | 13.3 | 13.3 | -3.3 |
| Utility Taxes ² | 0.7 | 0.7 | -90.7 |
| Inheritance Tax | -0.1 | -0.1 | -122.6 |
| Hotel/Motel Tax | 26.8 | 26.8 | -12.0 |
| Other Taxes ³ | -3.0 | -3.0 | -128.3 |
| Total Tax Collections | \$2,276.0 | \$2,276.0 | -23.0% |
| Revenue by Receipt Type | | | |
| Tax Collections | \$2,276.0 | \$2,276.0 | -23.0% |
| Federal Income | 2,246.4 | 2,246.4 | 17.5 |
| Interest and Investment Income | 178.9 | 178.9 | -23.2 |
| Licenses, fees, permits, fines, | 541.0 | 541.0 | 0.7 |
| Contributions to Employee Benefits | 199.4 | 199.4 | 8.0 |
| Sales of Goods and Services | 23.3 | 23.3 | -33.4 |
| Land Income | 53.6 | 53.6 | -57.4 |
| Net Lottery Proceeds ⁴ | 170.4 | 170.4 | 59.0 |
| Other Revenue Sources | 484.9 | 484.9 | -2.5 |
| Total Net Revenue | \$6,173.9 | \$6,173.9 | -6.3% |

¹ Excludes revenues for funds that are authorized to be held outside the State Treasury and are not processed through USAS. Totals may not add due to rounding.

² Includes the utility, gas utility administration and public utility gross receipts taxes.

³ Includes the cement and sulphur taxes and other occupation and gross receipt taxes not separately identified.

⁴ Gross sales less retailer commissions and the smaller prizes paid by retailers.

Notes:

Crude oil and natural gas figures are net taxable values. Gasoline gallons include gasoline. Auto sale values are calculated from motor vehicle taxes collected on new and used vehicle sales. All figures are seasonally adjusted, except for sales tax collections; rigs; consumer price; housing permits/sales/prices; and consumer confidence. Figures are based on the most recent available data. Annual figures are for calendar years. [† Double axis graphs: Graphs with two vertical axes show values for Texas on the left and values for the U.S. on the right. This method shows trends more clearly over the last year when data values are substantially different at state and national levels.]

Sources:

Key Texas Economic Indicators:

Consumer Price Index, Change in Nonfarm Employment: U.S. Bureau of Labor Statistics

Consumer Confidence Index: The Conference Board

Leading Economic Indicators Index: Texas Comptroller of Public Accounts,

The Conference Board

Unemployment Rate: Texas Workforce Commission, U.S. Bureau of Labor Statistics

Nonfarm Employment: Texas Workforce Commission

State Sales Tax Collections, Retail Establishments: Texas Comptroller of Public Accounts

Housing Permits, Existing Single-family Home Sales: The Real Estate Center at

Texas A&M University

Industrial Production Index: Federal Reserve Bank of Dallas

Contract Value, Non-Residential Building Construction: McGraw-Hill

Mortgage Foreclosures: RealtyTrac

Texas Production and Consumption Indicators:

Crude Oil, Natural Gas, Motor Fuels, Auto Sales, Cigarettes: Texas Comptroller of Public Accounts

Active Oil & Gas Drilling Rigs: Baker-Hughes Incorporated

Median Sale Price, Existing Single-family Home: The Real Estate Center at

Texas A&M University

State Expenditures/All Funds¹

| (Amounts in millions) | Monthly Expenditures September 2009 | Fiscal Year-to-Date September 2009 Expenditures | % Change YTD/YTD |
|---|--|---|---------------------|
| By Object | | | |
| Salaries and Wages | \$797.4 | \$797.4 | 4.2% |
| Employee Benefits/ Teacher Retirement Contribution | 859.1 | 859.1 | 26.6 |
| Supplies and Materials | 96.9 | 96.9 | -2.8 |
| Other Expenditures | 321.5 | 321.5 | 31.5 |
| Public Assistance Payments | 3,605.2 | 3,605.2 | 18.5 |
| Intergovernmental Payments: | | | |
| Foundation School Program Grants | 3,707.9 | 3,707.9 | -37.6 |
| Other Public Education Grants | 3,939.2 | 231.3 | 0.1 |
| Grants to Higher Education | 137.5 | 137.5 | 1.6 |
| Other Grants | 447.4 | 447.4 | 124.2 |
| Travel | 13.9 | 13.9 | -3.8 |
| Professional Services and Fees | 250.0 | 250.0 | 9.8 |
| Payment of Interest/Debt Service | 228.1 | 228.1 | 1.7 |
| Highway Construction and Maintenance | 364.3 | 364.3 | -6.8 |
| Capital Outlay | 45.3 | 45.3 | 2.8 |
| Repairs and Maintenance | 94.1 | 94.1 | 46.9 |
| Communications and Utilities | 41.1 | 41.1 | -1.9 |
| Rentals and Leases | 35.9 | 35.9 | 0.6 |
| Claims and Judgments | 21.2 | 21.2 | 290.9 |
| Cost of Goods Sold | 42.7 | 42.7 | -54.6 |
| Printing and Reproduction | 5.5 | 5.5 | -2.1 |
| Total Net Expenditures | \$11,346.4 | \$11,346.4 | -9.1% |
| By Function | | | |
| General Government | | | |
| Executive | \$577.2 | \$577.2 | 22.5 |
| Legislative | 14.3 | 14.3 | 24.4 |
| Judicial | 32.2 | 32.2 | 29.4 |
| Subtotal | 623.7 | 623.7 | 22.9 |
| Health and Human Services | 3,492.9 | 3,492.9 | 19.4 |
| Public Safety and Corrections | 566.5 | 566.5 | 27.5 |
| Transportation | 691.4 | 691.4 | 18.4 |
| Natural Resources/Recreational Services | 192.4 | 192.4 | -8.9 |
| Education | 4,699.2 | 4,699.2 | -31.2 |
| Regulatory Agencies | 52.9 | 52.9 | 26.8 |
| Employee Benefits | 715.3 | 715.3 | 17.1 |
| Debt Service—Interest | 228.1 | 228.1 | 1.7 |
| Capital Outlay | 45.3 | 45.3 | 2.8 |
| Lottery Winnings Paid ² | 38.7 | 38.7 | -27.2 |
| Total Net Expenditures | \$11,346.4 | \$11,346.4 | -9.1% |

¹ Excludes expenditures for funds that are authorized to be held outside the State Treasury and are not processed through USAS. Totals may not add due to rounding.

² Does not include payments made by retailers. Previously shown as "Other expenditures."

Some revenue and expenditure items have been reclassified, changing year-to-date totals. The ending cash balance is not affected because changes reflected in "total net revenues" and "total net expenditures" offset changes in "net interfund transfers and investments transactions" in the cash condition table.

Revenues and expenditures are reported for the most recent month available and as a running total for the current fiscal year-to-date. In addition, year-to-date figures are compared with the same period in the last fiscal year. These comparisons are reported as percentage changes, which may be positive or negative (shown by a minus sign).

Trust fund transactions are included within revenues and expenditures in the "all funds" presentations. Trust funds are not available to the state for general spending.



FISCAL NOTES is one of the ways the Comptroller's office strives to assist taxpayers and the people of Texas. The newsletter is a by-product of the Comptroller's constitutional responsibilities to monitor the state's economy and to estimate state government revenues.

FISCAL NOTES also provides a monthly summary of the financial statements for the State of Texas.

Articles and analysis appearing in **FISCAL NOTES** do not necessarily represent the policy or endorsement of the Texas Comptroller of Public Accounts. Space is devoted to a wide variety of topics of Texas interest and general government concern.

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FISCAL NOTES

A Monthly Review of the Texas Economy from the Office of Susan Combs, Texas Comptroller of Public Accounts

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RELOCATING? TRY TEXAS.



In Summer 2009, *Forbes* magazine ranked the nation's

"25 BEST PLACES TO MOVE"

— fast-growing communities that offer relocating professionals the best job prospects. Texas had eight of the 25 cities selected, more than twice as many as any other state.

| CITY | 2009 RANKING |
|---------------|--------------|
| Flower Mound | 6 |
| Frisco | 7 |
| McKinney | 9 |
| Carrollton | 12 |
| The Woodlands | 14 |
| Allen | 19 |
| Round Rock | 24 |
| Plano | 25 |

Source: *Forbes*.